STATE OF NEW JERSEY
DEPARTMENT OF THE TREASURY
DIVISION OF TAXATION
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February 2005

TO: HOLDERS OF THE REAL PROPERTY APPRAISAL MANUAL FOR NEW JERSEY ASSESSORS

A new **"Assessment of Billboards"** section is being introduced to the "COMMERCIAL SPECIFICATIONS" section. This sub-section consists of pages 71.01 – 71.24 and should be inserted in Volume II of the Real Property Appraisal Manual of New Jersey Assessors.

For municipalities with base year values of 2005 (assessing date October 1, 2004) the cost conversion factor of 1.00 is to be used on the Billboard Valuation Worksheet, page II – 71.24.

CAUTIONARY NOTE: For municipalities with a base year other than 2005, a cost conversion of 1.00 is to be used to arrive at a 2005 value. **This 2005 value must then be adjusted to the base year by the application of the Director's Ratio to the value.**

Sincerely,

Thomas J. Reilly

Thomas J. Reilly, Chief
Field Assistance Section

Enclosure

REPORTING THE VALUE OF BILLBOARD STRUCTURES

NJ PROPERTY TAX SYSTEM

Beginning with the 2005 Tax Year, billboard structures should be listed as separate line items on the tax list. The line item needs to be referenced to the same block and lot as the land on which the billboard structure is attached.

To facilitate the identification of billboards and record the value of the billboard structures, the NJ Property Tax System has added a qualification code to identify billboard structures. The new qualification code is:

3 characters	**Alpha**	**Numeric**
BNN	**B**	**(NN) 0 through 99** to accommodate more than one billboard structure on a Block and Lot

The three characters are mandatory in the Qualification Code.
For identification purposes, billboards should be identified by the block and lot numbers assigned to the land on which the billboard is located and the qualification code "B" followed by the numeric 01, 02, 03 etc. The Qualification Code for one billboard would be B01. The assessment is reported as an improvement value only.

(The qualification code "BNN" is to be added to each block and lot, in the same fashion as "QFARM" is used to identify qualified farmland).

Reporting billboard structures requires the assessor to:
ESTABLISH A NEW LINE ITEM with the block and lot and the qualification code: "BNN".

Mandatory Fields to Establish a New Line Item for a Billboard Structure:

Field Name	**Field Description**
Property Identification	Block, Lot, and Qualification Code "BNN"
Building Description	Construction Class from the Appraisal Manual
Additional Lot	Name of Billboard Company and Permit Number
Property Class	4A
Owner	The billboard structure should be assessed
Mailing Address	to the owner of record * of the block and lot
City, State, Zip Code	upon which it is located. * A billboard on exempt public property may be subject to assessment and treatment as a leasehold.
Property Location	same as mother lot
Land Value	"0" (zero)
Improvement Value	Value of Billboard Structure
Net Taxable Value	Value of Billboard Structure

ASSESSMENT OF BILLBOARDS

BILLBOARDS ARE DEFINED AS REAL PROPERTY

The passing of Chapter 42, Public Laws of 2004 classifies billboards as real property, "An outdoor advertising sign, required to be permitted pursuant to the "Roadside Sign Control and Outdoor Advertising Act" PL 1991 C 413 (C.27:5-5 et seq), its other constituent parts, and the foundation, if any, to which the supporting structure is attached are deemed to be real property."

In accordance with the New Jersey Constitution, billboards, which are now defined as real property, are to be assessed at the "same standard of value" as all real property (constitutional exception of qualified farmland). Billboards may be taxable or exempt in accordance with pre-existing state law.

BILLBOARDS VERSUS ON-PREMISE SIGNS

The key to determining if a billboard is assessable (*under C 42 PL 2004*) is whether the sign is subject to the permit process administered by the NJ Department of Transportation. While billboards are by definition "off-premise outdoor advertising signs" which advertise a business, product, or activity at another site or location, a billboard will occasionally provide advertisement for an on-site business or product. In contrast, an on-site sign is not required to have a permit issued by the NJ Department of Transportation and the sign always advertises a business or activity occurring on the same site or location as the sign. Off-site advertising structures are required to have a permit issued by the New Jersey Department of Transportation. A record of outdoor advertising permits is available from the Outdoor Advertising Section, Department of Transportation.

AN INTRODUCTION TO BILLBOARDS

An outdoor advertising sign in the form of a billboard consists of at least one display panel and supporting framework. Billboards may be freestanding, mounted to buildings, or attached to other structures. Modern billboards conform to engineering standards and are constructed of steel, while older billboard structures are made of wood or angle iron frames. A billboard may be smaller than the permitted size. This allows for the legal addition of a cutout or extension within the square foot envelope of the permitted area. Billboards vary in display position and size, but the industry standard display faces include:

12 feet x 25 feet	14 feet X 48 feet
10.5 feet X 36 feet	16 feet X 60 feet
12 feet X 40 feet	20 feet X 50 feet

Typical arrangements of display faces include: single face, back-to-back or V-build, side-by-side, stacked, and tri-build configurations.

Billboard companies enter into sales contracts for advertising space on their billboards. Advertisements are designed and/or produced by a billboard company or an advertising agency in response to client specifications. Advertising space is often marketed for a group of billboards rather than for a single billboard. Group sales are called "showings." Showings are based on demographic information and are designed to target a market with a specified level of advertising exposure. The advertising client has no interest in the real property.

Billboard sites are typically leased from an unrelated third party who owns the land or structure to which the billboard is affixed. The owner of the site generally has no interest in the billboard structure. A billboard site, the land or structure upon which a billboard is situated, is generally limited to an area large enough to accommodate the billboard structure, foundation and provide for service and maintenance. The "line of sight" is a consideration in viewing a billboard location.

VALUING BILLBOARD STRUCTURES

As with the appraisal of other real property for local property tax purposes, the three accepted approaches to value (income, sales comparison, and replacement cost less depreciation) are applicable to the valuation of billboard structures.

The market or sales comparison approach requires verifiable accurate sales information of individual billboards. Outdoor advertising structures are generally sold in bulk and the transfers include ongoing concern and host agreements. These transfers typically are not recorded on filed deeds; therefore, it may be difficult to obtain information on the sale of billboards. When information becomes available, an allocation of the sales price for billboard structures may be necessary.

The income approach requires net operating income/economic rent to be capitalized into a value for a specific property. While the rental income from a ground lease may be capitalized into a value, the income realized from the sale of advertising space is business income that is subject to other taxes in New Jersey. If the income approach is used, economic rent must be applied. Therefore, careful consideration and accurate income analysis must be made or the income approach will not yield reliable results.

The cost approach provides an efficient methodology to uniformly value billboard structures. The replacement cost less depreciation avoids the complicated allocation process and other issues associated with the income and market approaches. The cost approach may be applied uniformly and it is suitable for computer assisted mass appraisal (CAMA) applications. The data contained in this manual is based on information extracted from material costs, labor, and other integral components of billboard construction. Effective age depreciation tables are provided to assist assessors in estimating loss in value due to age, elements and wear affecting the value of outdoor advertising signs.

LIMITING CONDITIONS WHEN VALUING BILLBOARDS

The total assessed value for an improved property in New Jersey is displayed as two components: a land assessment and an improvement assessment. The legislation that determined that billboards are real property placed a limiting condition on valuation of a billboard site. If the site is already classified as qualified farmland, the value must remain as qualified farmland. In order to have uniform reporting of billboard values, all billboard improvement values will be reported separately from the land (site) value.

Location must be considered in assessing billboard sites. The impact of location on the income that a particular billboard location generates may be considered. This impact results from the “traffic count” or “exposure” that a particular location provides. Although a higher traffic count has little to do with the value of a billboard structure, the location may impact on land value. In assessing billboard property, any value attributable to location must be assigned to the land and not to the billboard improvement.

The billboard permit required by Department of Transportation is an intangible asset that is necessary for the beneficial and productive use of billboard property. However, this use permit is an intangible asset, which is not assessable as real property. Any value attributable to the use permit and sale of advertising should not be included in the assessed value of the billboard property.

DEFINING AND CLASSIFYING BILLBOARD STRUCTURES FOR ASSESSMENT PURPOSES

For assessment purposes, billboards are grouped into five structural categories based on the building materials used and the underlying support system. The five categories include wood, steel frame, multi-mast steel, monopole, and building/roof mount.

At a minimum each billboard includes the following:

CLASS 201 WOOD STRUCTURE

This class of billboards is constructed with wood post or pole supports with dimensional lumber as the secondary support (A frame) with a wood or metal catwalk and a single display panel. Supports may be imbedded in the ground. There may be a foundation of concrete or gravel. Lighting, if present, is either fluorescent or mercury vapor.

CLASS 202 STEEL A-FRAME STRUCTURE

This class of billboards is constructed with angle iron or steel supports with metal framing, catwalk, and a single display panel. Supports may be imbedded in the ground. There may be a foundation of concrete or gravel. Lighting, if present, is either fluorescent or mercury vapor.

CLASS 203 MULTI-MAST STRUCTURE

This class of billboards is constructed with steel pole, I beam or equivalent as primary support, with a catwalk, and a single display panel. Lighting is fluorescent or mercury vapor.

CLASS 204 MONOPOLE

This class of billboards is constructed with tubular steel support (of various circumferences), tubular steel framing, metal catwalk and a single display panel. The foundation is concrete. Lighting is florescent or mercury vapor.

CLASS 205 ROOF / FASCIA MOUNTED

This class of billboards is non-pole mounted. The display panel is mounted with roof and/or fascia mounting brackets. Lighting is fluorescent or mercury vapor.

BILLBOARD DESIGNS AND CONSTRUCTION COSTS

The following pages * contain diagrams of various billboard designs, layouts and construction types along with base costs, photographs, class specifications, adjustments to base costs, cost conversion factors and depreciation schedules. Also included are a sample data collection sheet and a cost calculation work sheet. The cost factors are based on information as of October 1, 2004 for use in the 2005 tax year. Municipalities with base years other then 2005 need to apply the Director's Ratio to adjust values to the date of their last reassessment or revaluation.

***WORKS CITED**

"Guidelines for the Assessment of Billboard Properties." State of California, Board of Equalization: 2002.
International Association of Assessing Officers. "The Valuation of Outdoor Advertising Structures." *Assessment Digest*, Volume 13, Number 4, 1991
Seelhorst, Glenn R. *Land Use and Leasing Issues*: 2004
State of New York, Office of Real Property Services. *Assessor's Manual*: 2003
State of North Carolina, Department of Revenue. *Billboard Structures Valuation Guide*: 1999, Rpt. 2003.
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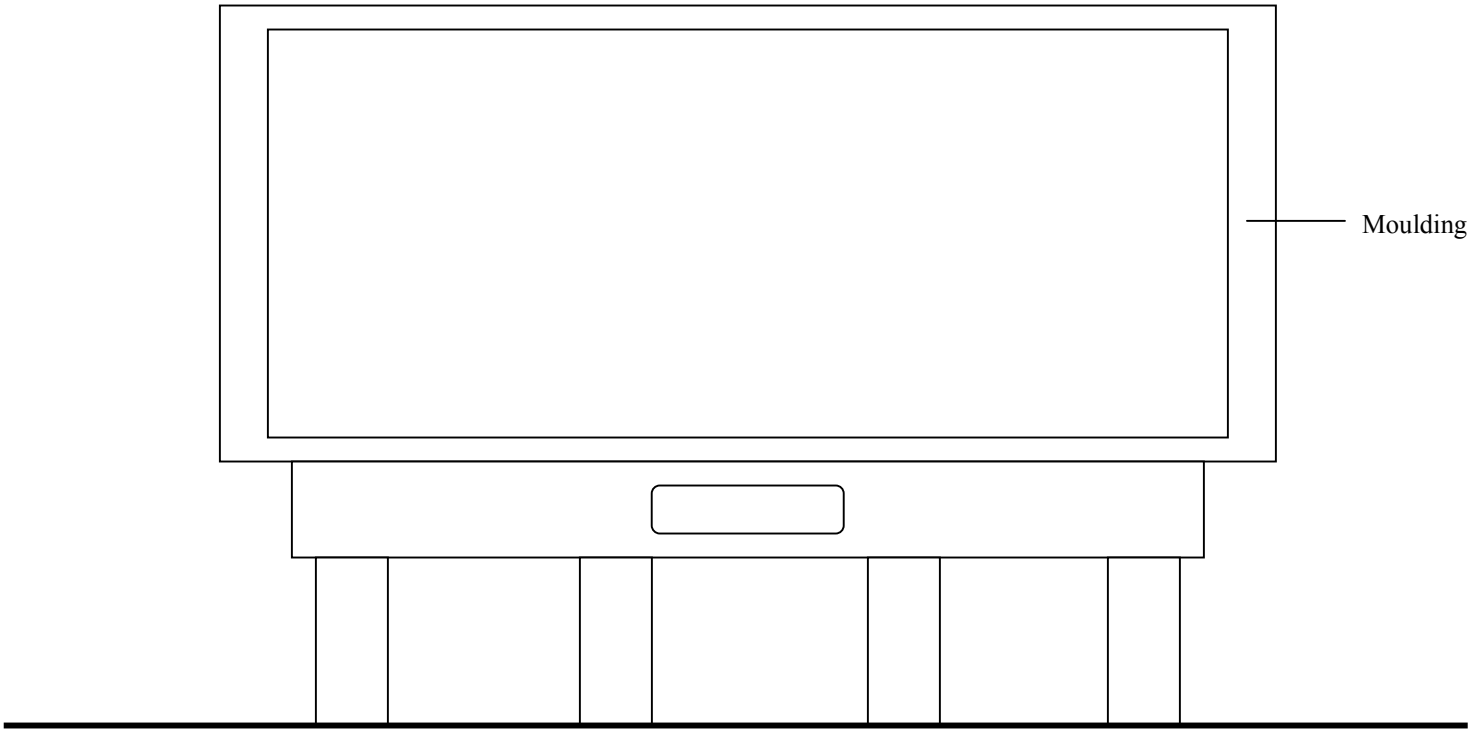
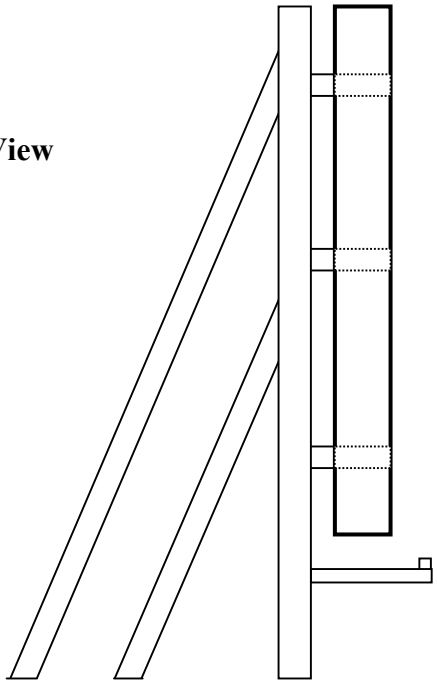
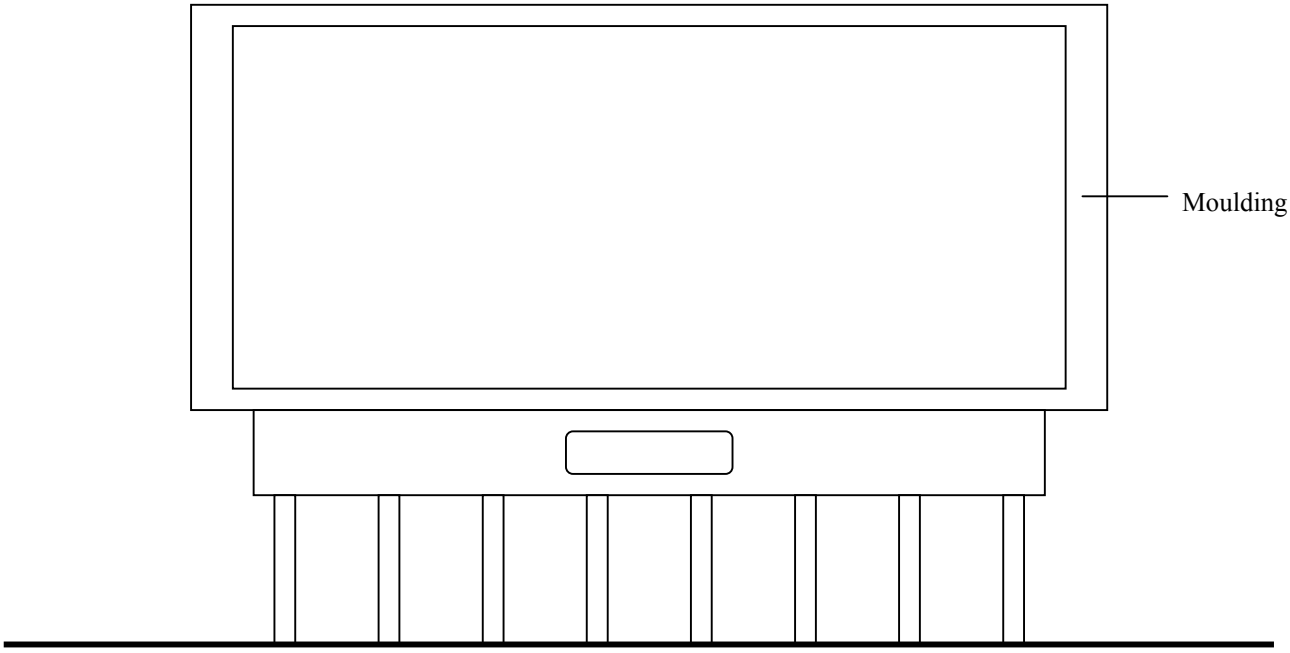
Illustrations of Wooden Billboards



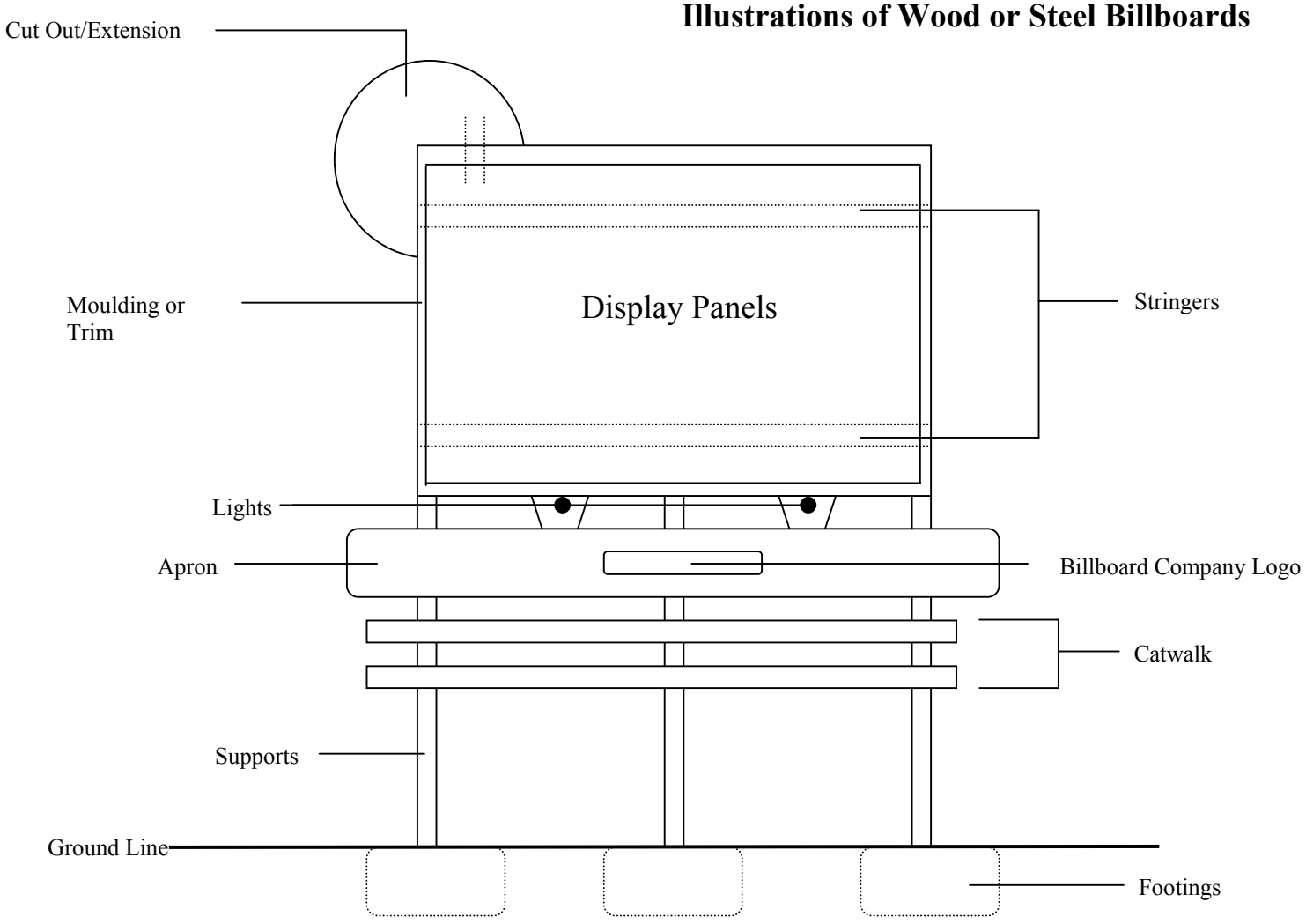
Wooden Billboard Side View



Illustrations of Steel Billboard

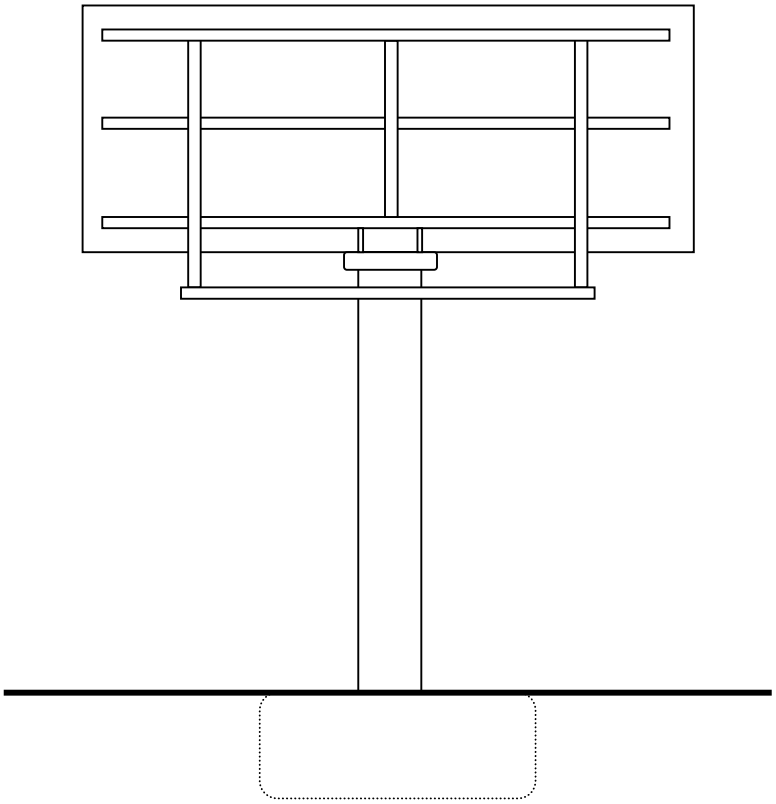


Illustrations of Wood or Steel Billboards



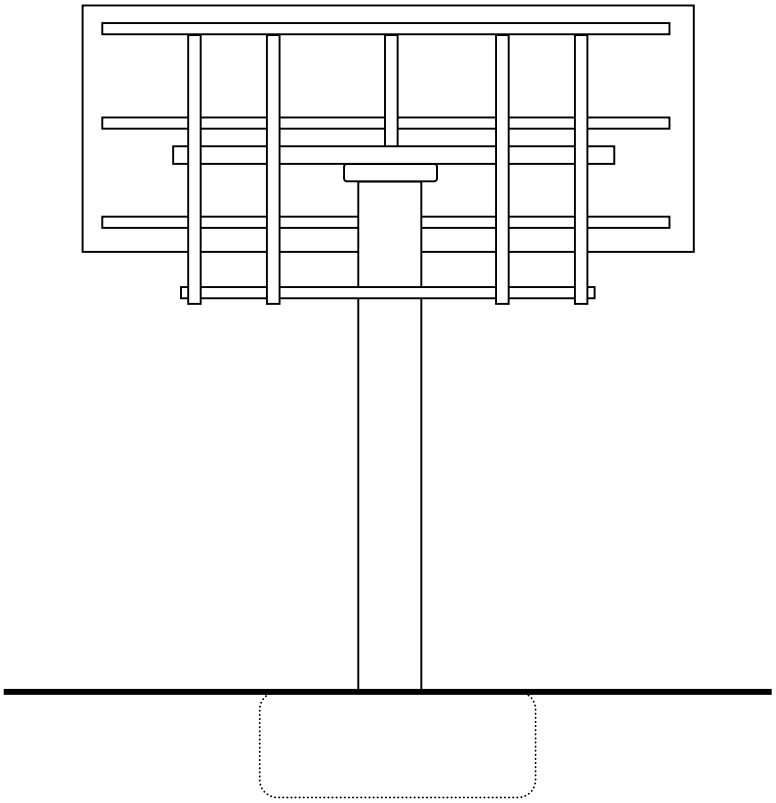
Illustrations of Monopole Billboard Construction

Center Mount

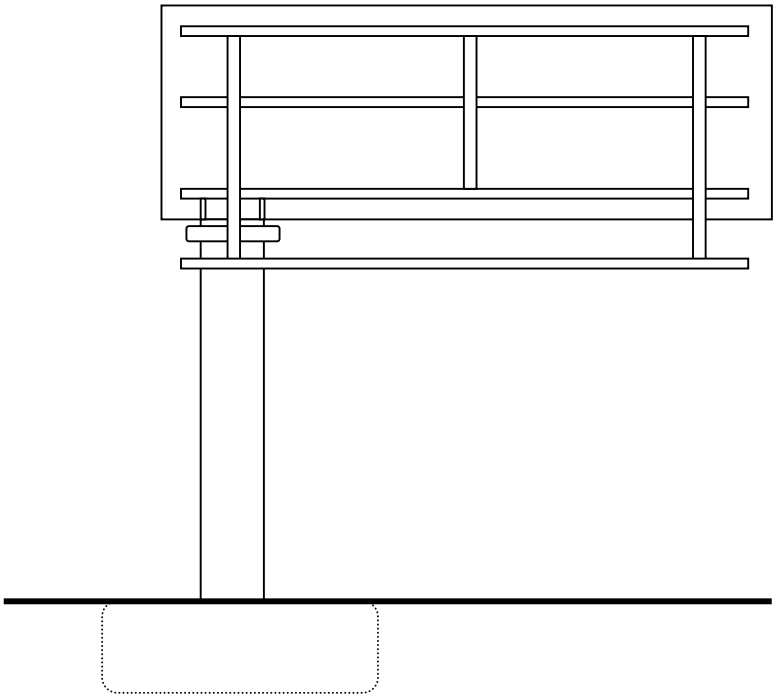


Illustrations of Monopole Billboard Construction
Back View

Center Mount

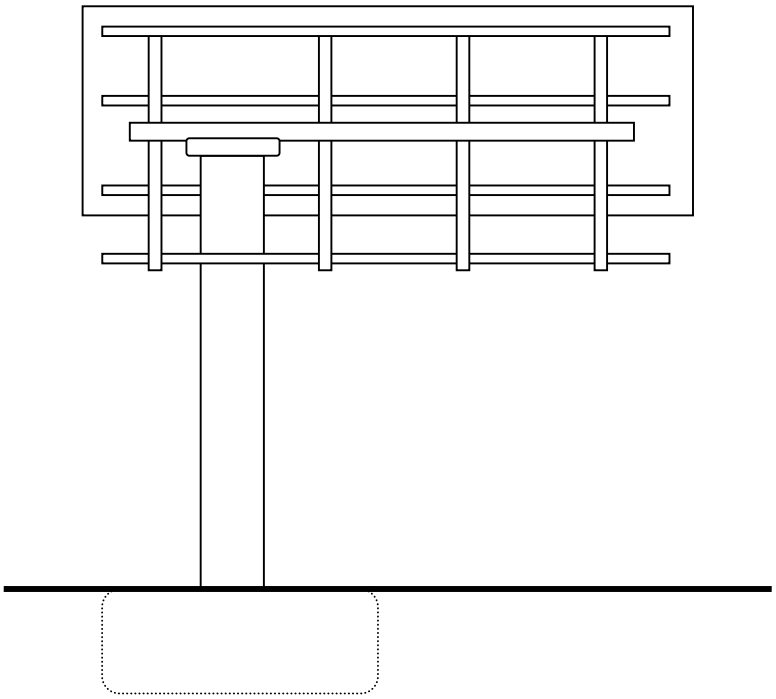


Illustrations of Monopole Billboard Construction

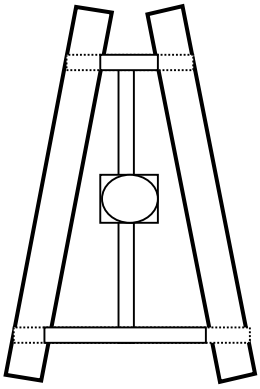


12’x25’ Flag

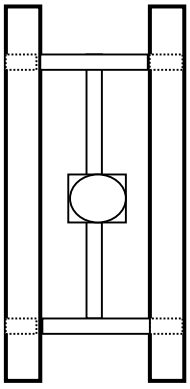
Illustrations of Monopole Billboard Construction
Back View



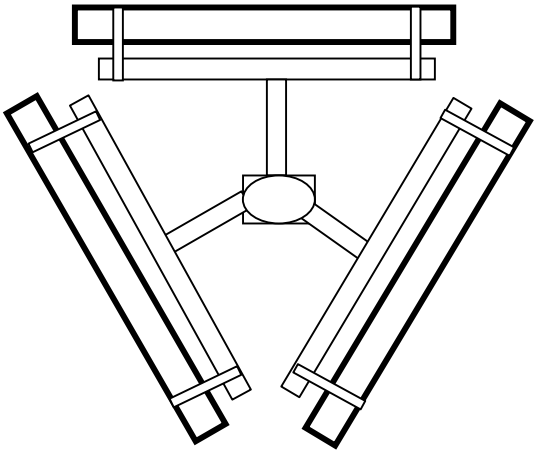
Illustrations of Monopole Billboard Construction
Topview



The V Face



Double Face



12’x25’ Triangle

Class 201 Wood Structure Billboards

CLASS 201 WOOD STRUCTURE BILLBOARDS

BASE SPECIFICATIONS FOR CLASS

1. STRUCTURE - Wood support post or poles.

2. FOUNDATION – embedded in ground or equivilent

3. PLATFORM OR CATWALK - Included in Base

4.PANELS - Included in Base.

5. APRON - Included in Base

6.LIGHTING - Included in Base

7. ADDITIONAL PANELS - None
For additional panels see Adjustments to Base

8. OTHER ITEMS - None

BASE COST PER SQUARE FOOT OF SIGN AREA

Sq. Ft. Area	SINGLE FACE
300	$ 25.50
378	$ 23.80
480	$ 23.43
672	$ 22.76
960	****
1000+	****

ADJUSTMENTS TO BASE COSTS

ADDITIONAL DISPLAY PANELS:

Due to structural nature of wood billboards,when valuing side by side, V built, or back to back the cost should be double that of a single face billboard.

LIGHTING: (per fixture)	AVERAGE
	$545.00

NOTE: **Depreciation Schedules for Billboards – Page II - 71.20**
Obsolescence Guides – Page I – 109

Class 202 Steel (A Frame) Structure Billboards

CLASS 202 STEEL (A FRAME) STRUCTURE BILLBOARDS

BASE SPECIFICATIONS FOR CLASS

1. STRUCTURE - Steel, angle iron or equivalent as primary support.

2. FOUNDATION – embedded in ground or equivilent

3. PLATFORM OR CATWALK - Included in Base

4.PANELS - Included in Base.

5. APRON - Included in Base

6.LIGHTING - Included in Base

7. ADDITIONAL PANELS - None
For additional panels see Adjustments to Base

8. OTHER ITEMS - None

BASE COST PER SQUARE FOOT OF SIGN AREA

Sq. Ft. Area	SINGLE FACE	BACK/BACK	SIDE X SIDE	V - BUILT
300	$ 46.50	$ 63.00	* SEE	* SEE
378	$ 44.04	$ 61.90	COMMENTS	COMMENTS
480	****	****		
672	****	****		
960	****	****		
1000+	****	****		

ADJUSTMENTS TO BASE COSTS

ADDITIONAL DISPLAY PANELS

Due to structural nature of both the Side by Side and V - Built billboards, when valuing the cost should be double that of a single face billboard.

LIGHTING: (per fixture) **AVERAGE**

$545.00

NOTE: Depreciation Schedules for Billboards – Page II - 71.20
Obsolescence Guides – Page I – 109

Class 203 Steel (Multi Mast) Structure Billboards

CLASS 203 STEEL (Multi mast) STRUCTURE BILLBOARDS

BASE SPECIFICATIONS FOR CLASS

1. STRUCTURE - Steel pole, I beam or equivalent as primary support.

2. FOUNDATION – Concrete/Gravel or equivilent

3. PLATFORM OR CATWALK - Included in Base

4. PANELS - Included In Base.

5. APRON - Included in Base

6. LIGHTING - Included in Base

7. ADDITIONAL PANELS - None
   For additional panels see Adjustments to Base

8. OTHER ITEMS - None

BASE COST PER SQUARE FOOT OF SIGN AREA

25 FT. HEIGHT

Sq. Ft. Area	SINGLE FACE	BACK/BACK	SIDE X SIDE	V - BUILT
300	$ 46.50	$ 63.00	* SEE	* SEE
378	$ 44.04	$ 61.90	COMMENTS	COMMENTS
480	$ 40.31	****		
672	$ 34.15	****		
960	****	****		
1000+	****	****		

40 FT. HEIGHT

Sq. Ft. Area	SINGLE FACE	BACK/BACK	SIDE X SIDE	V - BUILT
300	$ 51.67	$ 75.00	* SEE	* SEE
378	$ 48.94	$ 71.42	COMMENTS	COMMENTS
480	$ 44.79	$ 63.75		
672	$ 37.95	$ 53.57		
960	****	****		
1000+	****	****		

ADJUSTMENTS TO BASE COSTS

ADDITIONAL DISPLAY PANELS

Due to structural nature of both the Side by Side and V - Built billboard, when valuing the cost should be double that of a single face billboard.

LIGHTING (per fixture)	AVERAGE
	$545.00

NOTE: Depreciation Schedules for Billboards – Page II - 71.20
Obsolescence Guides – Page I – 109

Class 204 Monopole Structure Billboards

CLASS 204 MONOPOLE STRUCTURE BILLBOARDS

BASE SPECIFICATIONS FOR CLASS

1. STRUCTURE - Tubular steel supports.
2. FOUNDATION – Poured concrete.
3. PLATFORM OR CATWALK - Included in Base
4. PANELS - Included in Base.
5. APRON - Included in Base
6. LIGHTING - Included in Base
7. ADDITIONAL PANELS - Included in Base.
8. OTHER ITEMS - None

BASE COST PER SQUARE FOOT OF SIGN AREA (40 ft. HIGH)

Sq. Ft. Area	SINGLE PANEL	V - BUILT & BACK TO BACK	TRI - BUILT
300	$ 60.00	$ 78.00	$ 147.32
378	$ 57.14	$ 67.38	$ 147.32
480	$ 57.19	$ 66.56	$ 147.32
672	$ 79.69	$ 86.12	$ 147.32
960	$ 64.69	$ 69.38	$ 147.32
1000+	$ 67.50	$ 72.00	$ 147.32

ADJUSTMENTS TO BASE COSTS

HEIGHT FACTOR:

70'	1.36
100'	1.6

DESIGN FACTOR

Part Flag	1.07
Full Flag	1.15

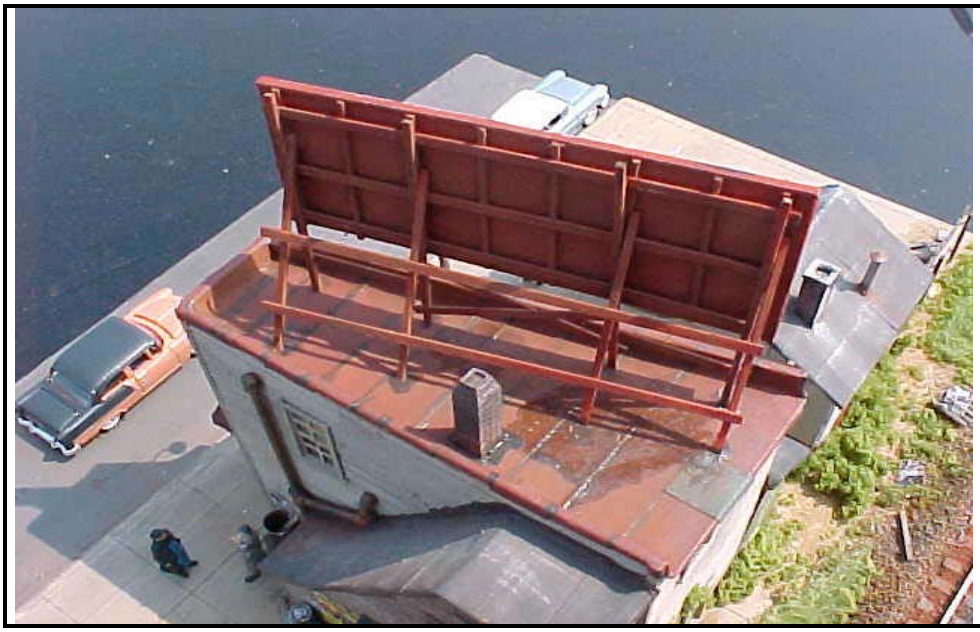
LIGHTING: (per fixture)

AVERAGE

$545.00

NOTE: Depreciation Schedules for Billboards – Page II - 71.20
Obsolescence Guides – Page I – 109

Class 205 Roof/Fascia Mounted Billboard



CLASS 205 ROOF / FASCIA MOUNTED BILLBOARD

BASE SPECIFICATIONS FOR CLASS

1. STRUCTURE - Mounted on roof or side of building.

2. FOUNDATION – None

3. PLATFORM OR CATWALK - Included in Base

4.PANELS - Included in Base.

5. APRON - Included in Base

6.LIGHTING - Included in Base

7. ADDITIONAL PANELS - Included in Base.

8. OTHER ITEMS - None

BASE COST OF SIGN

AVERAGE COST INSTALLED: **$17,000. PER PANEL**

ADJUSTMENTS TO BASE COSTS

LIGHTING: (per fixture)	**AVERAGE**
	$545.00

NOTE: **Depreciation Schedules for Billboards – Page II - 71.20**
Obsolescence Guides – Page I – 109

DEPRECIATION SCHDULE

(effective age)

AGE (in years)	20 year life (wood)	40 year life (steel)
1	95 %	97.50 %
2	90 %	95.00 %
3	85 %	92.50 %
4	80 %	90.00 %
5	75 %	87.50 %
6	70 %	85.00 %
7	65 %	82.50 %
8	60 %	80.00 %
9	55 %	77.50 %
10	50 %	75.00 %
11	45 %	72.50 %
12	40 %	70.00 %
13	35 %	67.50 %
14	35 %	65.00 %
15	35 %	62.50 %
16	35 %	60.00 %
17	35 %	57.50 %
18	35 %	55.00 %
19	35 %	52.50 %
20	35 %	50.00 %
21		47.50 %
22		45.00 %
23		42.50 %
24		40.00 %
25		37.50 %
26		35.00 %
27		35.00 %
28		35.00 %
29		35.00 %
30		35.00 %
31		35.00 %
32		35.00 %
33		35.00 %
34		35.00 %
35		35.00 %
36		35.00 %
37		35.00 %
38		35.00 %
39		35.00 %
40		35.00 %

BUILDING REPLACEMENT COST CONVERSION FACTORS

TO BE APPLIED TO 2004 NEW JERSEY MANUAL FOR BILLBOARD STURCTURE COSTS.

	WOOD STRUCTURES		STEEL STRUCTURES		STEEL MONOPOLES
2004 STATE AVERAGE	1.00		1.00		1.00

BILLBOARD DEFINITIONS

Catwalk: Platform located underneath the sign face, either in front or in back, used as a support for the maintenance crew.

Centermount: Monopole structure in which the supporting column is affixed to the center of the display panel.

Display Face (panels): The flat area normally rectangular in shape where the advertisement is displayed.

Double-Sided: A Billboard structure that has two display panels, which are parallel to each other facing in opposite directions.

Extension: When part of the advertisements extends beyond the display face in order to create better impact.

Flag Mount: Monopole structure in which the supporting column is affixed to the left or right of the center of the display panel.

Footings: Concrete used to solidify the structure upright in the ground.

Illumination: Light fixtures that allow the advertisements to be more visible.

Lease Cost: Costs associated in obtaining a lease site.

Molding: Decorative trim covering the perimeter of the display face.

Reflectors: Copy material that reflects light to aid visibility in hours of darkness when illumination is not present on the billboard structure.

Single-Sided: Billboard structure that has a single display panel facing only one direction.

Stackmount: A billboard structure in which multiple display panels are set above one another.

Stringers: Wood or steel braces attached to the back of the sign that support the structure aka: crossmembers.

Triangle: A billboard structure having three display panels arranged in the shape of a triangle with each panel facing in a different direction.

Uprights: Vertical posts, pipes or beams, mounted into the ground keeping the sign erect.

"V"-Shape: A billboard structure having two display panels that are not parallel to each other, facing in opposite directions.

Date Collected:_____ By:_____

Billboard Data Collection Form

County:_____ Municipality:_____

Address:_____ Block / Lot_____

Tax Map Pg:_____ Zoning:_____ Application #_____

Property Owner_____

Date of Sale:_____ Sale Price:_____ Book/Page:_____

*If available

*Grantor:_____ *Grantee:_____

*Lease Date:_____ *Lease Price:_____

*Lessor:_____ *Lessee:_____

*Terms:_____

Billboard Description

Type: Wood Frame Steel Frame Monopole

# of Display Surfaces:_____ Height:_____ S.F. Area:_____

Additional Improvements: Lighted Animated Revolving Aprons Platforms

Road Location: East West South North

Sign View: Northbound Southbound Eastbound Westbound

Age:_____ Road Characteristic:_____

Landmarks:_____

Comments:_____

Billboard Valuation Worksheet

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(1) Name of Company _____ (2) Date _____ / _____ / _____

(3) Number _____

(4) Location of structure _____

(5) DOT Application Number _____
(Five Digit Number)

(6) Owner of Real Property _____

(7) Original construction date _____ / _____ / _____ (8) Age (in years) _____

(9) Type of construction (Wood, Steel, Monopole) _____ Class _____

(10) Style: Single, Side-By-Side, Back-to-Back, V Build, Tri-Build, Stack

(11) Height: _____

(12) Number of display surfaces _____

(13) Display Panel Size: 1)_____ 2)_____ 3)_____ 4)_____

(14) Illumination: Yes No

Base price per square foot _____ x _____ square feet = _____ (A)

Additional Display Panels _____ x _____ per surface = _____ (B)

Base structure cost = _____ (C)
(add A & B)

Height Factor Adjustment _____ (D)

Design Factor Adjustment _____ (E)

Cost Conversion Factor _____ (F)

Replacement Cost New (RCN) _____ (G)

Less Depreciation _____ (H)

Total Depreciated Billboard Value _____ (I)

Director's Ratio (October 1 Pre-Tax Year) _____ (J)

Adjusted Assessed Value _____ (K)
(I x J = K)